

Consumer Payment Analysis

2025

Cardholder Dispute Index

Introduction

The *2025 Cardholder Dispute Index* is an annual report designed to offer retailers, financial institutions, and other stakeholders a comprehensive look at the current state of chargebacks from the consumer's perspective. Based on surveys commissioned by Chargebacks911®, this study provides a detailed snapshot of how cardholders view and interact with the entire chargeback process, from initial dispute through resolution.

We believe that one of the key components of chargeback management is transparency. Our philosophy has long been that consumers, merchants, and financial institutions can benefit by knowing the other stakeholders' thinking.

The data in this report is both timely and relevant. All the participants surveyed admitted having filed a dispute or chargeback within the last 12 months. Delving into their understanding of the dispute process can uncover crucial “real-time” knowledge concerning customer behaviors.

This report is designed to complement the *Chargeback Field Report*, a similar publication that offers chargeback views from the merchant's perspective. Together, these two reports provide invaluable data to an organization wanting to analyze how their “real-time” customer base understands, uses, and misuses the dispute process.

“Dispute transparency is a simple concept that can be amazingly hard to implement. Our goal was to create a one-of-a-kind resource that lifted the veil on thoughts customers typically keep to themselves. This data can be used to gain valuable insights for better dispute management and chargeback prevention.”

–Monica Eaton, CEO

Research Methodology

The *2025 Cardholder Dispute Index* is based on comprehensive survey research conducted with more than 1,200 cardholders across the United States and the United Kingdom. The survey was administered through a third-party survey solution to ensure objectivity and data quality.

Survey-based reports, of course, are built on self-reported data; some responses could reflect skewed information, such as estimated numbers or misunderstood questions. To maintain transparency and data integrity, we implemented several methodological safeguards:

- Multiple verification questions were included to identify and cull invalid respondents and automated bot responses;
- Participants were geographically distributed across the US and UK markets to provide regional insights;
- The sample included appropriate representation across age groups (18-29, 30-44, 45-60, 60+) and gender;
- All respondents confirmed recent (within one year) experience with the dispute process to ensure relevant insights;
- Year-over-year changes were tested for statistical significance at the 95% confidence level.

All percentage figures in this report have been rounded to two decimal places for precision. When comparing to 2024 data, we've noted which changes represent statistically significant shifts versus those that fall within the margin of error.

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Key Takeaways

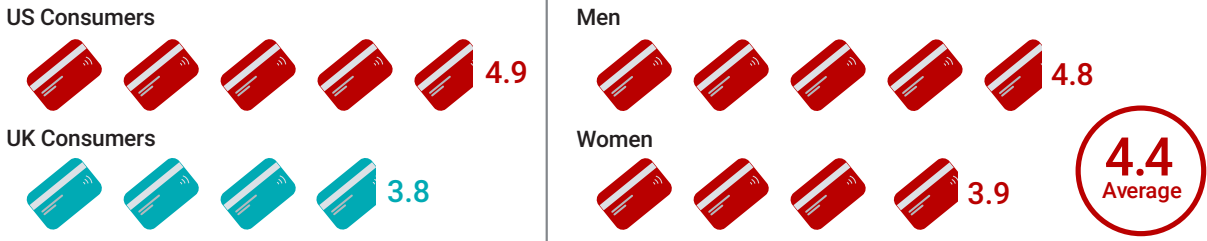
- ✓ The vast majority of respondents still prefer credit or debit cards when shopping online, but non-card payment methods are slowly gaining adoption.
- ✓ Consumers under the age of 30 are more than twice as likely to prefer making transactions through a digital wallet than those aged 60 or over.
- ✓ 79% of respondents reported using a free trial offer at least once in the past year.
- ✓ Roughly half of respondents have used buy now, pay later services; nearly 40% more UK customers have used BNPL, compared to consumers in the US.
- ✓ Roughly 90% of respondents trust their bank to correct any reported fraud issues.
- ✓ Nearly 85% want banks to be able to cancel subscription services on their behalf.
- ✓ Among participants who recently filed a claim with their bank, 87% reported being “satisfied” or “very satisfied” with their dispute experience.
- ✓ More than three-quarters of respondents prefer to resolve transaction issues through their bank rather than directly with merchants.
- ✓ Nearly half of survey participants admitted disputing a transaction with their bank without first contacting the merchant.
- ✓ US participants who filed claims with banks over the last year reported an average value of \$84. For the UK, this number was £80.77.
- ✓ 90% of respondents said successfully disputing a transaction would make them more likely to try it again.

Payment Preferences

According to our 2025 survey respondents, US consumers continue to favor traditional payment methods for online purchases. When asked the question *How many credit, debit or store payment cards do you own?* US consumers said they now own an average of 4.9 payment cards per person, including bank

credit cards, retail (store) cards, and debit cards. This is a huge drop from last year's survey, where the average number was 5.5, but corresponds with numbers from external sources, including a report from Capital One. By comparison, UK consumers own 2.6 payment cards per person.

Average number of credit cards owned (by region & by gender)



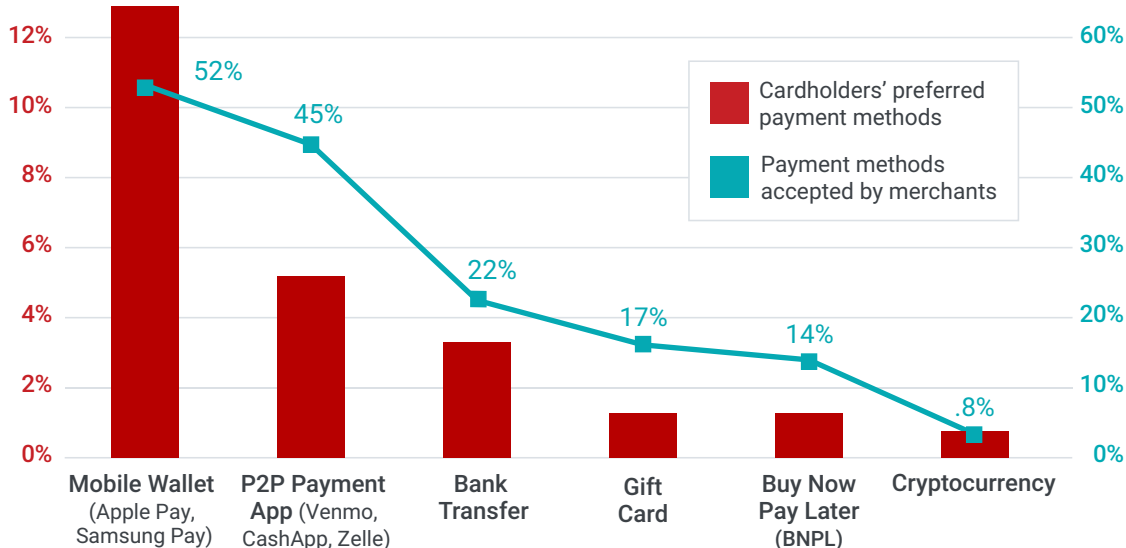
According to the survey, men had roughly one more card than women on average.

Online Payment Method Preferences

When asked *What is your preferred payment method when shopping online?* over 76% of respondents reported preferring credit and debit cards. This number, however, represents a notable decrease from the 80% reported in 2024, likely due to BNPL options.

76.47% prefer to use payment cards for online shopping.

Preferred payment models when shopping online



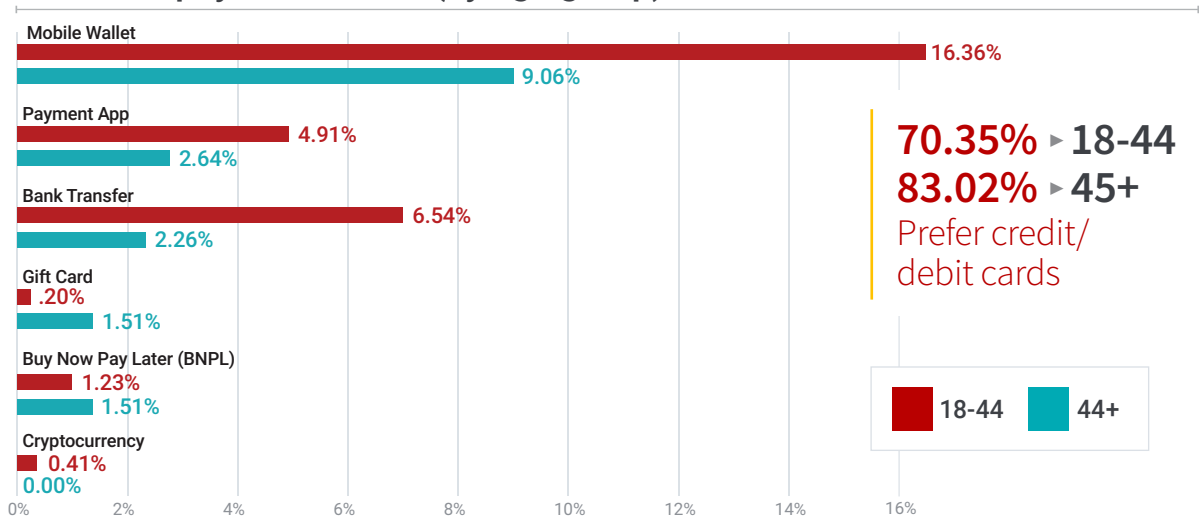
Responses to the question *What is your preferred payment method when shopping online?* show that, while the preference for traditional card entry methods dropped, mobile (digital) wallet usage rose by nearly 3% over the last year.

These preferences are not static across demographics. For example, mobile wallets (Apple Pay, Samsung Pay, etc.) are markedly

more popular with consumers below the age of 45 than those aged 45+.

Not surprisingly, the preference for traditional card entry using credit/debit cards increases significantly with age, with use among shoppers over 60 roughly 20% higher than for 18-29 year-olds. Conversely, younger consumers demonstrate a stronger preference for more frictionless digital payments.

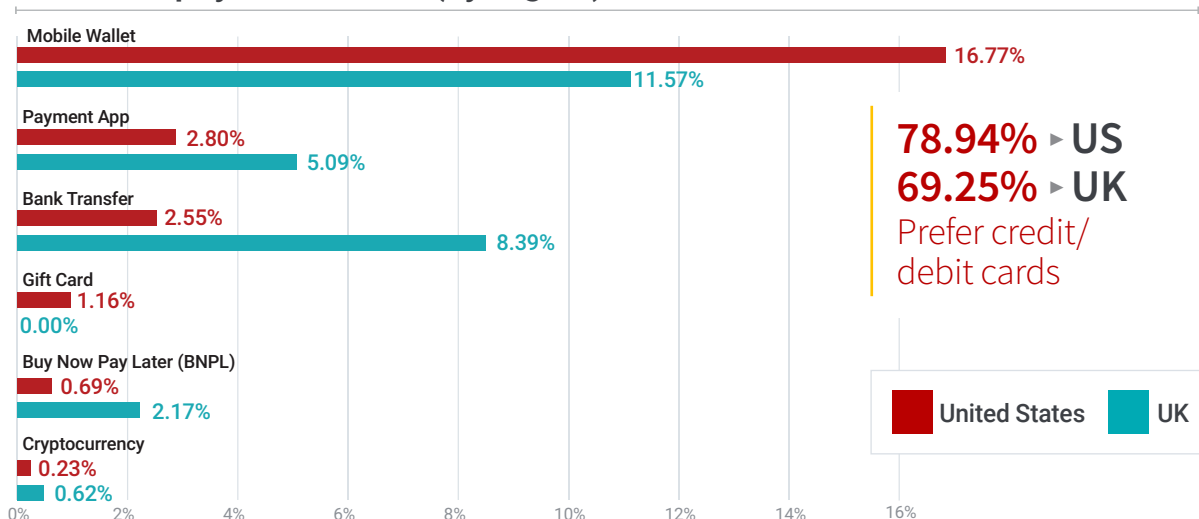
Preferred payment model (by age group)



Regional Differences

Along the same lines, survey data also highlights significant regional differences in payment preferences. Consumers in the UK reported less of a dependency on payment cards compared to their US counterparts, instead being more open to the use of bank transfers.

Preferred payment model (by region)



Gender-based differences in payment preferences are less pronounced but still notable. A preference for credit cards was roughly equal between men and women, but women respondents showed a slight preference for frictionless mobile wallets. Meanwhile, men were twice as likely as women to choose P2P payment apps such as Venmo, CashApp, and Zelle.

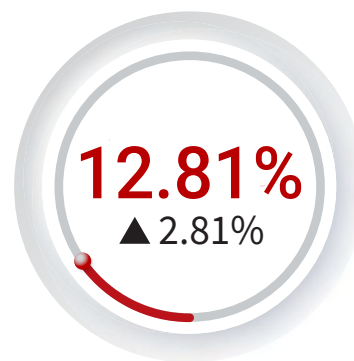
Digital Wallets & Alternative Methods

Digital wallets such as Apple Pay or Samsung Pay continue to show the strongest growth potential among alternative payment models, with customer preferences climbing nearly 3 percentage points over the last year. It's worth noting, however, that digital wallets are typically linked to traditional payment cards, representing not an alternative to cards but rather a different interface for using them.

When it comes to preferred online payment models, digital wallets reveal one of the most dramatic age-based variations in our report. Consumers under 45 are more than twice as likely to prefer mobile wallets, as compared to those aged 45 or older.

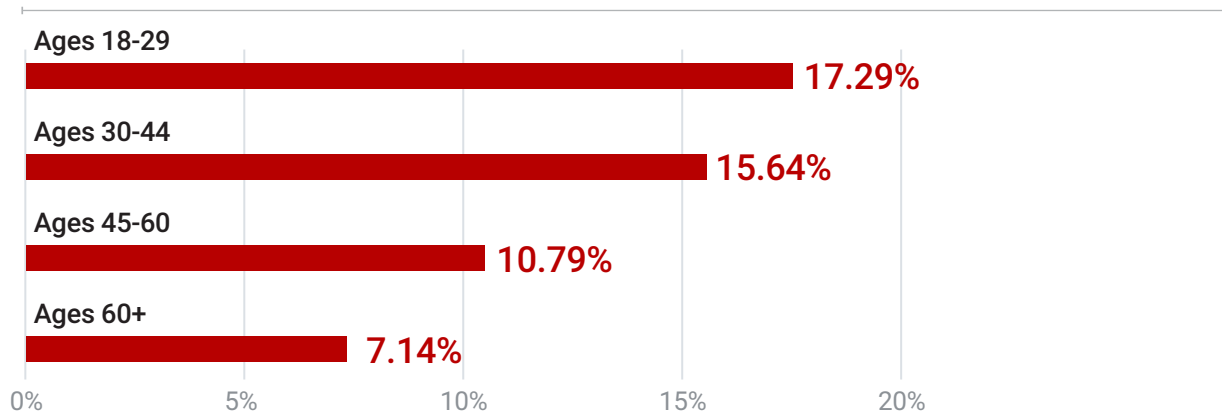
While many think of Zelle as a peer-to-peer application, it is more accurately a bank-to-bank platform. Zelle cannot be linked to a credit card, only to another bank account. The standalone Zelle app was discontinued earlier this year.

Growth in persons preferring mobile wallets for online payments



Because they are typically tied to a payment card, digital wallets are less of an alternative payment method than a different way to pay by card.

Preference for mobile wallets (by age group)



To stay competitive, merchants must address this shift in their payment strategies.

Other Emerging Payment Models

While currently predominant, digital wallets are certainly not the only alternative payment option available:

Buy Now, Pay Later (BNPL)

When asked, *Have you ever opted to split an online purchase into smaller, more affordable payments, using a service such as Affirm, Splitit, or Klarna?* approximately half of respondents (48.79%) reported that they had taken advantage of a buy now, pay later plan.

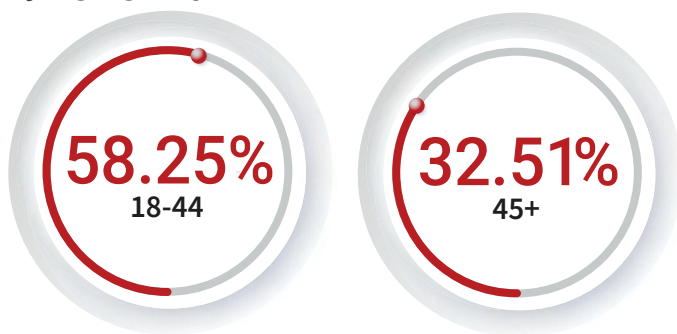
48.79% of participants used a BNPL service.

There were, however, significant demographic variations when broken out by age or region. For example, 58.25% of respondents under the age of 44 said they used BNPL, as opposed to 18.25% of those over the age of 60.

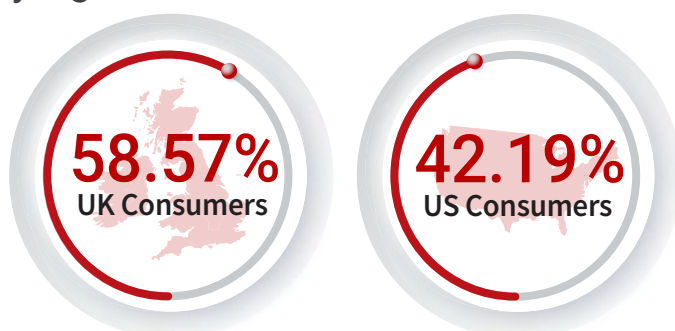
Younger generations, born and raised with personalized technology, may see BNPL as a great way to stretch out payments without needing a credit card. Older respondents, of course, may simply be more familiar (and therefore more comfortable) with credit cards. The fact that BNPL services are offered at no cost might also raise suspicions.

Buy Now, Pay Later (BNPL) usage

By age group



By region



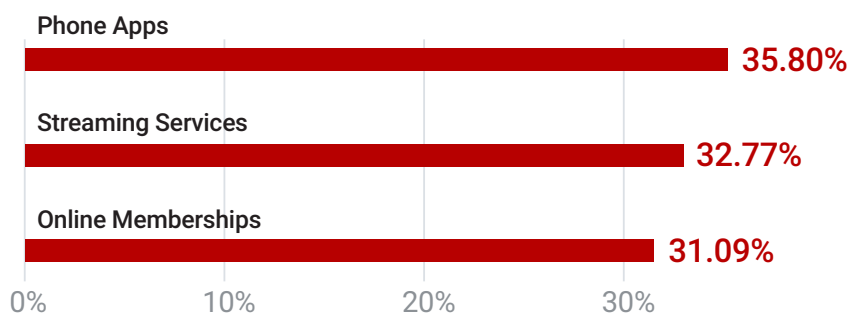
Subscription Models & Free Trials

Subscription-based business models continue to flourish, growing by 435% over the last decade and on track to top \$1.5 trillion by the end of 2025. Reports show that consumers spend an average of \$2,600 annually on subscriptions.

As much as anything, the driving factor here is the free trial. When asked *What type of free trial*

offers have you participated in over the last 12 months? nearly 80% of the participants who said they had a subscription also said that they had participated in a free trial. Phone apps are the single most popular category here, with 35.8% saying they had taken advantage of a free trial offer in that category. This was closely followed by streaming services (32.77%) and online memberships (31.09%).

Free trials participation (last 12 months)



When it comes to free trials, the data showed some significant – but inconsistent – differences between genders. The widest gap appeared in the software category: the number of men who used a free trial for software (29.71%) was nearly double that of women in the same category (17.73%). Women were more likely to use free trials for clothing or fashion, whereas men showed a preference in areas such as health supplements.

“Subscription business models are inherently more susceptible to chargebacks. They’re easy for consumers to get into, and usually complicated to get out of. Just offering subscription billing is enough to get a business labeled *high-risk*.”

–Monica Eaton, CEO

Free trial categories (by gender & by region)

Free Trial Category	Women	Men	US	UK
Cosmetics	27.30%	21.73%	17.05%	22.90%
Clothing/Fashion	32.62%	24.28%	22.12%	23.23%
Health Supplements	15.96%	23.64%	15.90%	16.13%
Software	17.73%	29.71%	17.05%	22.26%
Phone Apps	35.11%	36.42%	23.73%	35.48%
Online Memberships	32.98%	29.39%	26.27%	22.90%
Personal Item Subscriptions	16.31%	20.77%	11.29%	20.00%
Streaming Channels/Platforms	30.50%	34.82%	26.73%	25.48%
Meal Prep Plans	12.06%	12.78%	7.60%	13.23%
Gym Memberships	14.54%	18.21%	8.53%	19.68%
Delivery Services	18.44%	16.29%	13.59%	14.19%

In the survey, we asked *Do you think free trials or “try before you buy” services provide a benefit to you as a consumer?* The majority of all respondents (82.2%) agreed they do. This makes sense: subscriptions are based on a long-term commitment, so consumers naturally want to test out the value and utility first.

One of the chief problems, however, is the tendency to lose track of which services they’re subscribed to. One report suggests that an average of 42% of all subscribers are actually paying for subscriptions they’ve forgotten about.

Particularly with things like streaming services or software subscriptions, out-of-sight can easily equal out-of-mind... at least until the truth is discovered. At that point subscribers are more likely to call their bank than the merchant. In fact, 84.69% said yes when asked *Would you prefer your bank to allow you to cancel a subscription so you don’t have to contact the retailer?*

This is a compound problem for the merchant, who could face more than a dispute for the latest billing period. In instances involving alleged misconduct or abuse by the merchant, the customer may be able to file a chargeback on all payments rendered.

Respondents who feel “try before you buy” services provide a consumer benefit



Respondents who would prefer their bank allow them to cancel subscriptions



Fraud & Transaction Disputes

We must recognize that chargebacks are an important consumer protection mechanism. The right to dispute credit card transactions helps ensure that customers are not held liable for unauthorized transactions or items they did not receive.

That said, Illegitimate chargebacks are a growing concern. Cardholders don't always understand the process, or how to use it correctly. They may file disputes by mistake, or deliberately abuse the system for personal gain.

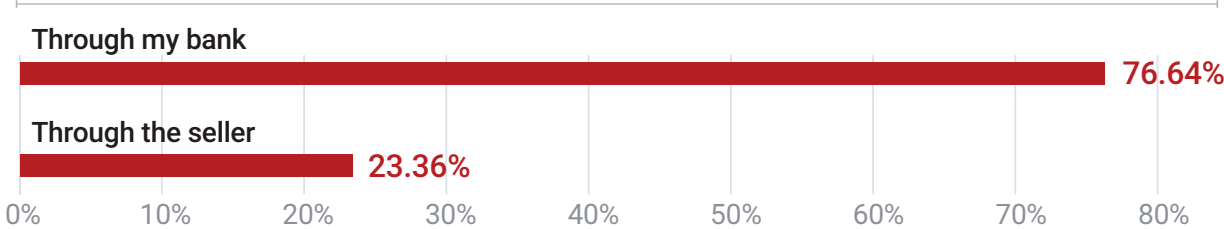
These disputes are known as "first-party misuse," or more colloquially, "friendly fraud." Even if it happens innocently or accidentally, friendly fraud has a huge negative impact

on the merchant, and cases are on the rise. Part of this can be attributed to a shift in the consumer mindset: more and more often, customers are saying they'd rather work with their bank than with the seller.

Dispute Initiation Methods

When we asked *Do you prefer to resolve issues with the merchant or through your bank?* the majority (76.64%) stated a preference for talking to their bank first, often through their bank's website or mobile app. While attempts to contact the merchant should always precede filing a dispute, that's obviously not what is happening. As shown later in this report, however, these numbers do not paint a complete picture.

Preferred means of resolving issues



Breaking down these preferences reveals significant demographic variations. Of respondents below age 44, only 17% preferred dealing with the seller. That number more than doubled for those 45+. Again, this likely reflects the consumer's comfort zone. Cardholders raised in the eCommerce era are naturally more comfortable resolving disputes through their bank. They see it as faster and more efficient, and this generational trend will continue into the future.

Preferred dispute resolution means (by age group)

Method	18-44	45+
Prefer to resolve issues through my bank	83.12%	64.97%
Prefer to resolve issues through the seller	16.88%	35.04%

Preferred dispute resolution means (by region)

Method	UK	US
Resolving through bank	88.16%	68.36%
Prefer resolving with seller	11.84%	31.64%

Regional differences also emerged in dispute channel preferences. UK consumers show a notably stronger preference for bank-mediated dispute resolution compared to their US counterparts. This could reflect a different cultural approach, but may also be driven by variations in consumer protection regulations.

In the UK, for example, Section 75 of the Consumer Credit Act states that the credit card provider shares legal responsibility with the merchant should a transaction be disputed. That could make UK customers feel there is no reason to bother dealing with the merchant.

Bank Trust & Responsiveness

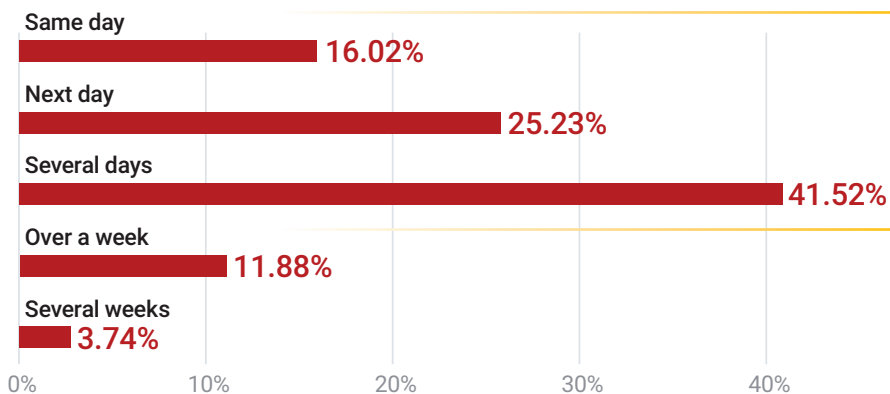
When we asked *Do you trust your bank to resolve an issue once you bring it to their attention?* we found that 88.9% of respondents expressed trust in their banks' ability to address fraud and dispute issues. This trust varied by gender: 92% of women trusted their banks in this regard, compared to 86% for men.

Bank responsiveness seems to be a concern among consumers, but most respondents say they will see their transaction reversed on the same day or within several days.

Consumers who trust their bank to resolve issues once alerted



Average time to receive a credit/refund after a dispute



83% of participants received a dispute refund within days.

Overall, 82.77% of participants reported receiving their refund within days of initiating a dispute, demonstrating the effort banks put into protecting their clientele. At the same time, these numbers may be open to interpretation. The specific question we asked was *How long does it typically take for you to see a credit or refund once you dispute a charge on your account with your bank?* Respondents, however, did not necessarily take temporary refunds into account.

When a customer disputes a charge, their bank will issue what is called a provisional credit. A dispute can take several days, weeks, or months to resolve. Depending on the type of dispute (or as a courtesy), a bank may provide a provisional credit in the amount of the dispute. This helps ensure the cardholder has sufficient funds while the dispute is resolved.

However, if the merchant successfully challenges the dispute, that temporary credit may be removed, again dependent on their bank policies and the consumer’s agreement or disagreement with the resulting verdict. In other words, the nearly 83% of consumers who said they received a refund were most likely referring to provisional credit... not a true refund.

Nevertheless, this is a positive result for banks and their customers. Of course, speed may come at the cost of thorough investigations of claims, but not all customers are concerned about this, as we’ll see later in the report.

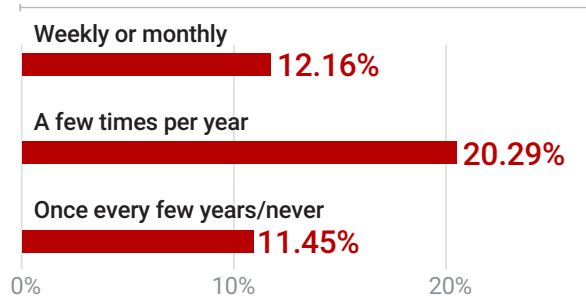
As fraud instances continue to rise, banks have done more to proactively protect their customers – sometimes erring on the side of caution. We asked *How often does your bank alert you that a charge you made was potentially fraudulent?* Roughly two-thirds reported receiving fraud alerts at least a few times a year, if not monthly or even weekly.

Merchant Responses to Disputes

Banks may also contact the cardholder after a dispute is filed, providing information regarding the merchant’s response to the dispute. When asked *After disputing a transaction, has your bank ever shown you information provided by the retailer regarding the transaction in question?* responses show this happening roughly half of the time.

At first glance, it might appear that banks weren’t sharing as much information as they

Frequency of bank alerts regarding potential fraud



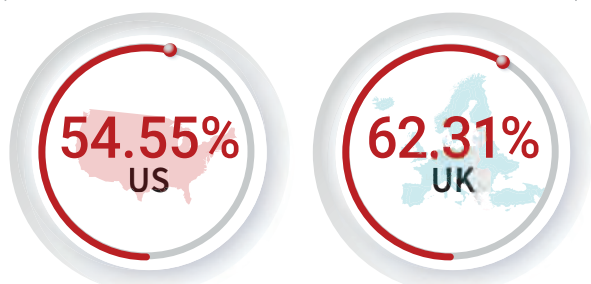
could be. In reality, issuers may not have the information to share; too often, merchants simply accept chargebacks without responding to the dispute in question. If a bank does not pass a merchant’s response on to the customer, it’s likely because the merchant didn’t bother to respond.

Regional differences in merchant response visibility were particularly striking. UK consumers are significantly more likely to see merchant responses to their disputes. However, it’s difficult to know for certain whether this indicates stronger merchant engagement in UK markets or differences in regulatory requirements.

Cardholder received a merchant’s dispute response from their bank



Shown retailer response from bank, post-dispute (by region)



Disputes & Chargebacks

Our 2025 data reveals significant insights into consumer behavior regarding dispute initiation and their understanding of the chargeback process. Consumer preference for bank-mediated dispute resolution – already a serious issue – appears to have gotten worse since our last report.

Part of this is almost understandable: when a consumer sees an unrecognized charge on their account, their first instinct is to contact their bank, either through their bank’s website (or app) or by calling the toll-free number on the back of their card.

That seems logical, but an unrecognized transaction does not automatically indicate fraud. The cardholder is still required to contact the business before calling their bank. Giving the merchant an opportunity to fix the problem often resolves issues without

involving their bank at all. More and more, this is not what is happening.

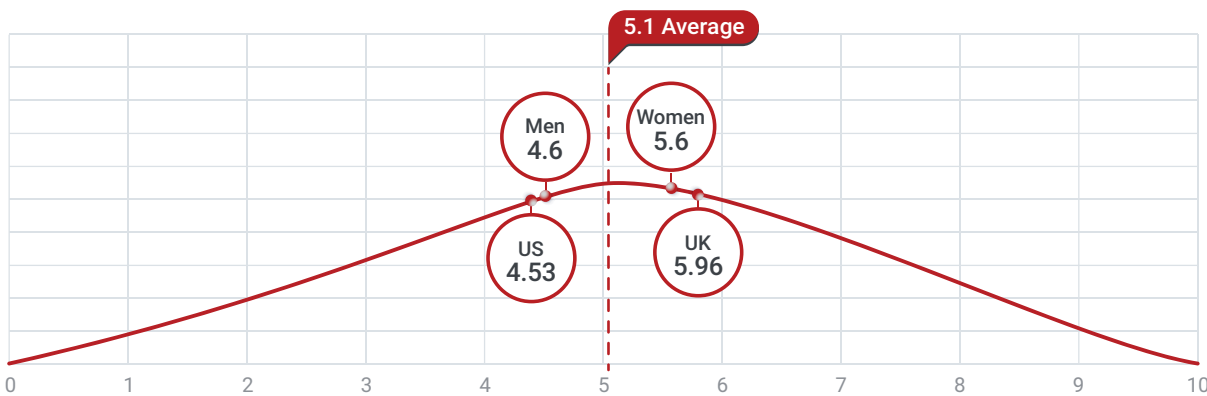
Dispute Frequency & Average Value

We started by asking *How many transactions have you disputed with your bank in the last 12 months?* The average was just over 5; in reality, it should have been close to zero.

Breaking the responses out by gender shows that women are disputing roughly 20% more transactions than men. Compared to last year, this represents a drop of over 15% for women, while the men’s numbers remained fairly static.

We followed this up with the question, *What is the dollar value of a typical transaction that you disputed with your bank in the last 12 months?* The average response was \$84, representing a 10.5% increase over our previous report.

Number of recent disputed transactions (by gender & by region)



While this increase in dispute value obviously impacts merchants, there is another negative conclusion we could draw: consumers are becoming more comfortable with disputing higher-value transactions.

\$84 average dispute value in 2025 

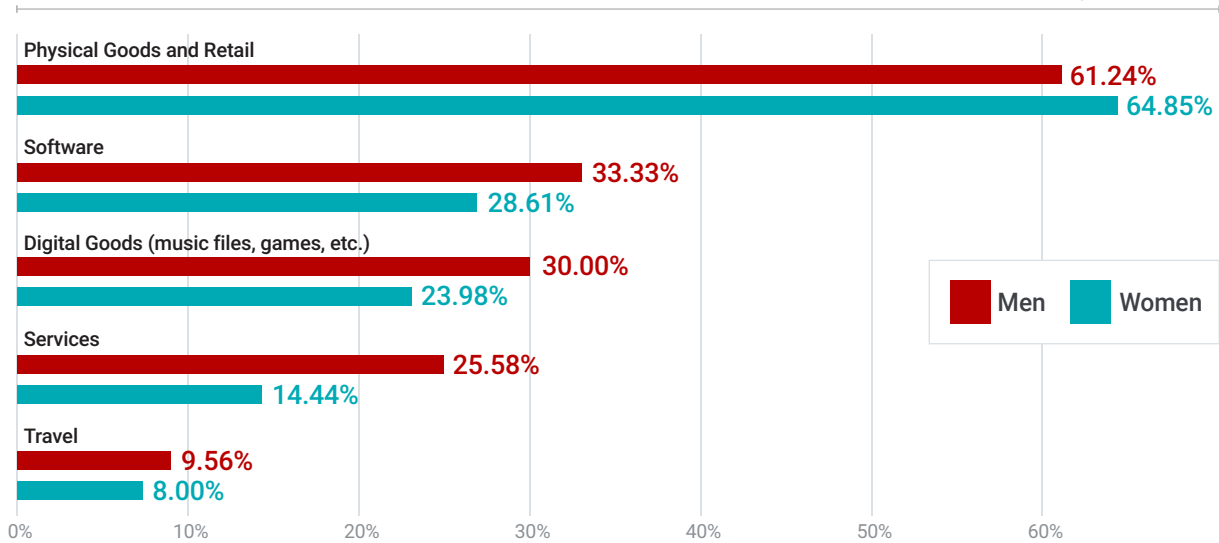
 **10.5% YoY increase**

Dispute Categories

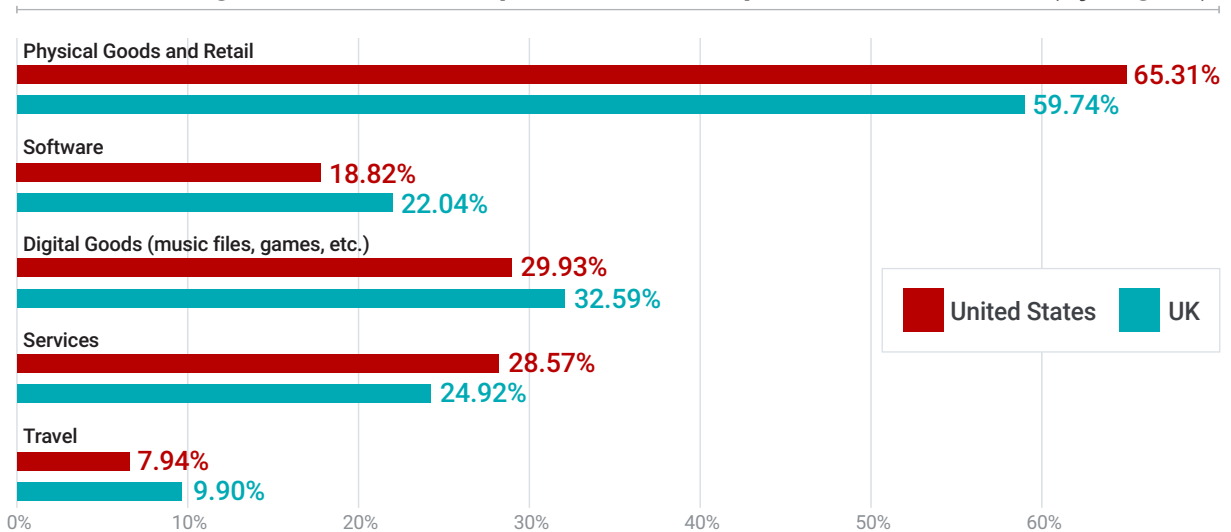
When we asked *In the last 12 months, have you disputed a transaction with your bank in any of the following product categories?* respondents reported dispute claims across a range of product categories.

Gender differences in dispute categories are notable. Most remain fairly evenly split except for one category: on average, men are nearly twice as likely to dispute software transactions as women.

Product categories in which respondent has disputed a transaction (by gender)



Product categories in which respondent has disputed a transaction (by region)



Reasons for Disputes

When asked why they filed a dispute, the most common reason was finding an unrecognized charge. While nearly 58% of respondents selected that reason, it should be noted that the actual survey question was *Have you ever contacted your bank to dispute a transaction for any of the following reasons? (select all that apply)*. Many participants gave multiple reasons.

That's not really surprising. What's worth noting is that almost all the *other* reasons

55.70% said at least one recent dispute stemmed from an unrecognized transaction.

cited involve perceived issues with merchants, such as difficulty processing a refund, buyer's remorse, or goods not arriving on time. If the cardholder made no attempt to contact the merchant before calling their bank, most of these claims would actually fall under the category of friendly fraud.

Reasons given for contacting their bank to dispute a transaction

Dispute Reason	Percentage
Found unauthorized transactions on billing statement	55.70%
Tried to contact merchant, but got no response	41.25%
Business overcharged or charged multiple times	22.28%
Received item that did not match description	20.95%
Attempted return but time limit had passed	19.76%
Wanted to end or cancel a subscription	19.36%
Merchant's return process was confusing	17.11%
Received broken or defective item	15.92%
Goods did not arrive within promised timeframe	13.13%
Child or relative used card without knowledge	8.49%
Changed mind and decided didn't want item	8.22%

Customers can certainly be blamed for misusing the chargeback system. Where a gap in education exists, however, merchants share a portion of the responsibility, as well. The cardholder must try to resolve the issue with the merchant before calling their bank. That isn't always an option, though.

For example, calling the seller isn't possible if the merchant description shown on the statement is unrecognizable. Over 40% of cardholders admit they often find card statement purchase descriptions confusing. Responsibility there lies squarely on the merchant.

40% often find merchant descriptors confusing



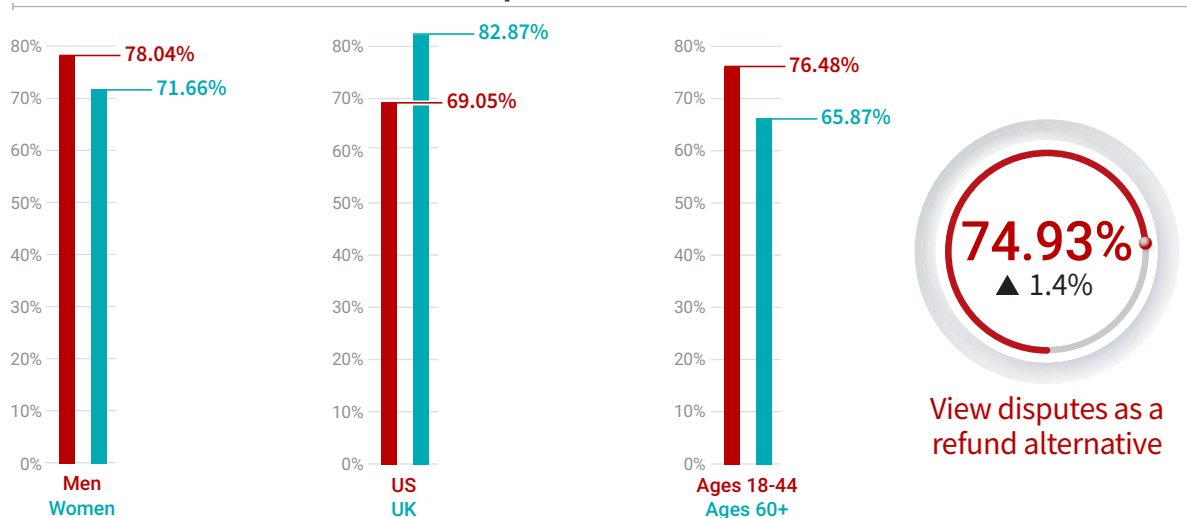
Responses to the question *Have you ever disputed a transaction with your bank without first attempting to contact the merchant to solve the problem?* indicate that a high percentage – nearly half – of consumers are bypassing merchants when seeking transaction resolution.

There are understandable demographic differences here. For instance, the older the

cardholder, the less likely they are to ignore the merchant. This shift most likely reflects the rise of electronic communication, and a generation that grew up with technology and shows an increasing demand for instant responses.

48.28% of customers admit going straight to their bank with their dispute.

Consumers who consider a dispute an effective alternative to a refund

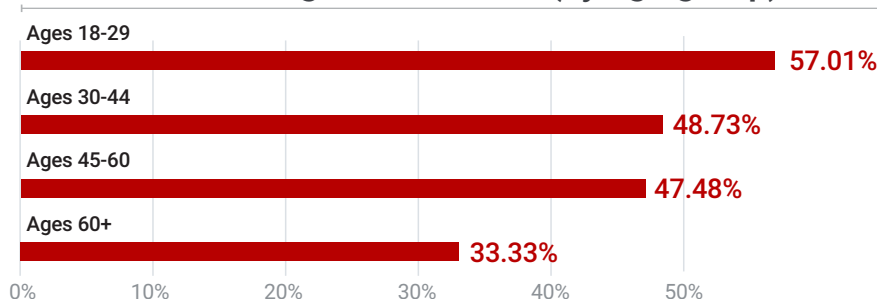


Chargebacks vs. Refunds

A key reason for this “bank-first” response lies in consumers’ overall perception of disputes as simply an alternative to traditional refunds. Nearly three-quarters of participants answered positively when asked *Do you consider disputing a charge with your bank to be an effective alternative to requesting a refund from a merchant?* This represents a slight increase from our last report.

The differences between demographics are less pronounced here, with one major exception: cardholders in the UK are nearly 14% more likely to see chargebacks as a legitimate refund alternative.

Customers who disputed a transaction without contacting the merchant (by age group)



All of these statistics point to a fundamental misunderstanding how the dispute process works. In many (if not most) cases, this lack of understanding is at the root of chargeback misuse, and it has remained remarkably stable over time. In other words, consumer education efforts have had limited success, where they even exist at all.

The Convenience Gap Factor

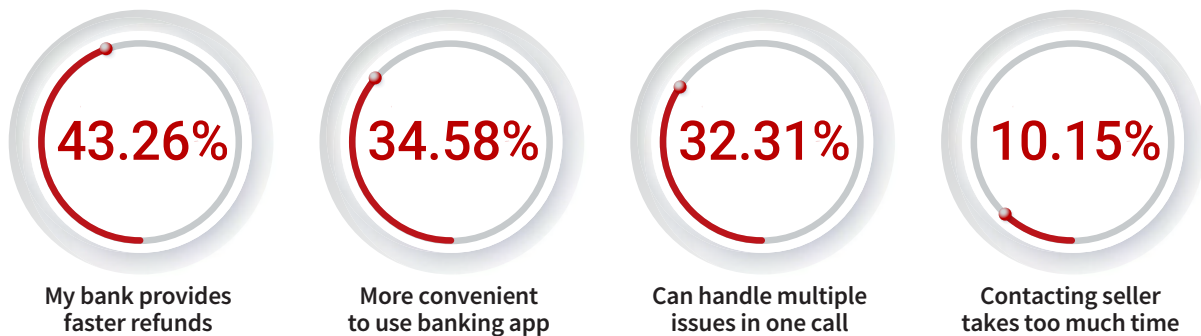
Without an understanding of the impact chargebacks have on merchants, consumers are naturally inclined to what is easiest for

them. In our survey we asked *Do you prefer to resolve issues with the merchant (seller) or through your bank?* Most (76.64%) stated a preference for dealing with their bank.

76.64% participants who prefer resolving disputes with their bank.

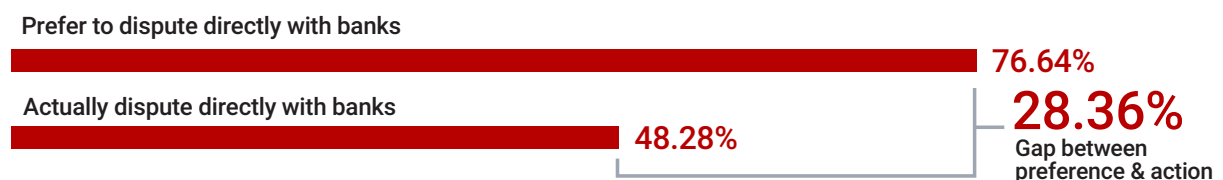
Taking those responses one step further, we asked *Why do you prefer to resolve issues through your bank?* Based on the responses, the main draw seems to be convenience.

Reasons for resolving issues through their bank



But even though over three-quarters of respondents admitted they preferred to resolve issues through their bank, less than half said they actually do. This creates a “convenience gap,” a specific selection of customers who are on the edge of dispute misuse... but haven’t yet crossed that line.

The Convenience Gap



Simply put, consumers overwhelmingly prefer bank resolution, are highly satisfied with the experience, and receive quick outcomes, creating a path of least resistance that bypasses merchants entirely.

That gap between preferences and actions represents over 28% who are choosing a legitimate course of action (i.e., attempting to resolve their dispute with the seller) even though they would prefer to work with their bank.

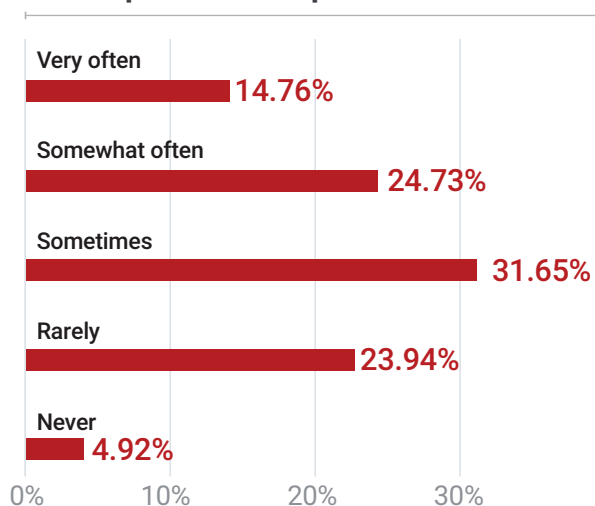
This presents a unique opportunity for merchants. Sellers should do all they can to reward these “gap” customers by making refunds faster, easier, and more convenient than using their bank. This could also potentially convince other disputers that it’s better to deal directly with the merchant.

The Confusing Descriptor Effect

As we alluded to earlier, though, some chargebacks result from necessity, not convenience. When it comes to preventable fraud, merchant descriptors remain a significant pain point for both merchants and consumers.

When we asked participants *How often do you find it hard to recognize transactions on your credit or debit card statement because the descriptions are confusing or incomplete?* 39.49% said they were often confused. Less than 5% reported never having this issue.

How often transactions are not recognized due to confusing/incomplete descriptions



If a merchant’s descriptor isn’t understood, the cardholder is likely to believe a transaction is fraudulent. This often leads to a chargeback being filed for what appears to be a legitimate reason (criminal fraud) but in reality represents a merchant misstep.

This “confusing descriptor” effect potentially translates to a high number of allegedly unauthorized disputes that more probably stem from valid transactions the consumer simply doesn’t recognize. With the average dispute value of \$84, descriptor confusion could translate to billions in disputed transactions annually.

Misunderstood descriptors are not the only type of merchant error that can lead to chargebacks. Unclear pricing, misleading product descriptions, clerical mistakes... these are just a few of the seemingly minor missteps that can result in a customer claim.

Like most other merchant errors, disputes caused by descriptors are totally preventable by the retailer. Optimizing the recognizability of descriptors is one proven way to dramatically lower dispute volume.

Terms & Conditions Engagement

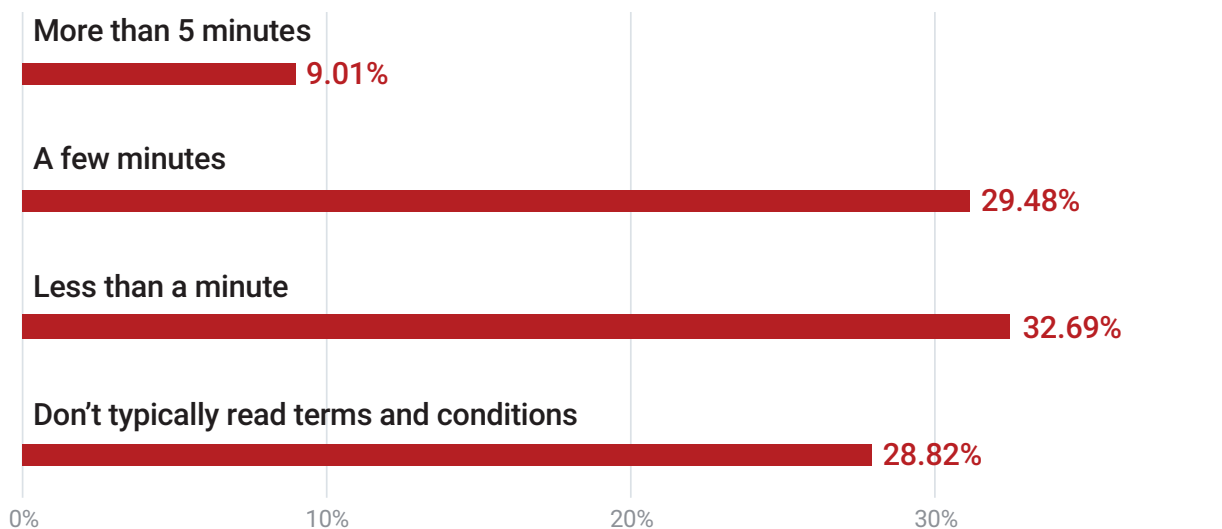
Some disputes are the fault of cardholders (deliberately or otherwise); others are caused by merchants themselves. Most situations, however, involve contributions from both sides. A perfect example of this shared responsibility can be found in the merchant's terms and conditions.

When customers don't fully comprehend what they're agreeing to or purchasing, it will obviously increase the likelihood of disputes. Particularly when it comes to subscriptions,

memberships, and free trials, the result is frustration on the part of the consumer.

On the other hand, that could at least partially be their own fault: in many cases, they're not performing their own due diligence. When posed with the question *How much time do you spend reading the terms and conditions before making a purchase online?* over half of participants claim to spend less than a minute perusing the seller's terms and conditions. Nearly one-third said they typically didn't read the terms at all.

Average time spent reading terms and conditions prior to online purchase



Merchants cannot control customer behavior in this regard, but they can still take action. The easier and clearer it is to find and read important terms and conditions, the less likely misunderstandings will lead to disputes.

Because they offer legal protection, these types of documentation must be thorough and specific. Unfortunately, that usually renders them dense and complex, as well. One recommendation would be to pull the most important terms and conditions (shipping and return policies, for example), restating them in clear, simple language, and posting the information in multiple locations. This gives customers a digestible way to get the basic rules, and can be linked to the complete conditions.

Post-Dispute

Let's delete this sentence. It's confusing and doesn't really say much. Asking participants about their recent chargeback experiences revealed a few important insights into post-dispute attitudes and behaviors.

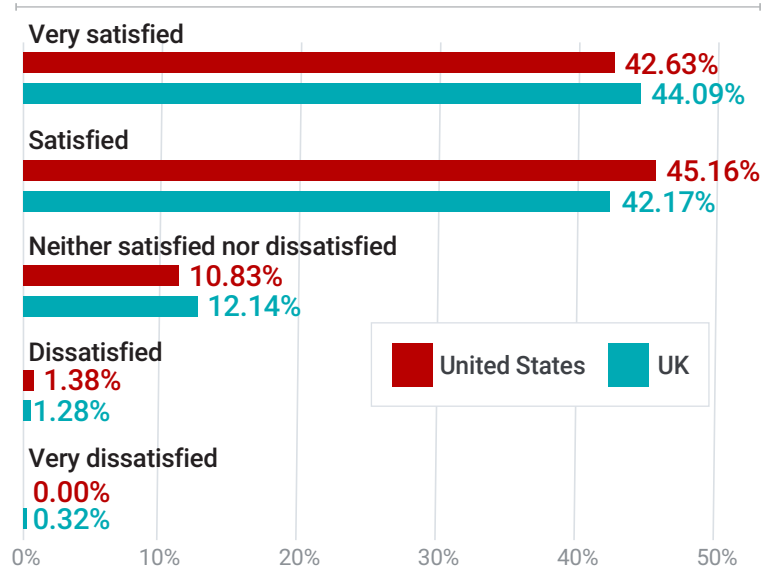
Dispute Process Satisfaction

When asked *Based on your experience disputing transactions with your bank, how satisfied were you with the process and ultimate resolution?* less than 2% expressed any dissatisfaction with the process.

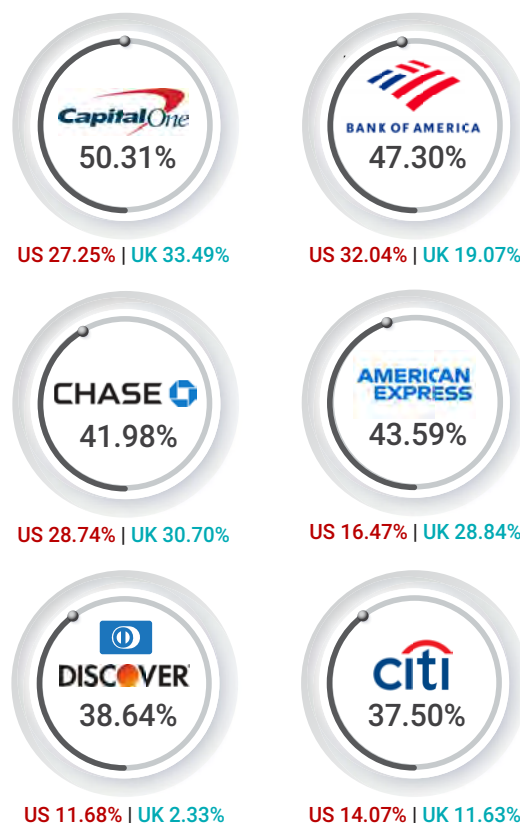
Of the group that claimed to be very satisfied with their dispute experience, the extent of that satisfaction varied somewhat by issuer.

Overall, Capital One continues to lead in customer satisfaction with dispute handling. Bank of America came in a close second. These positive responses indicate that banks continue to improve their dispute handling processes, gaining the trust and loyalty of their customers. While that's a positive for consumers and banks, it does create something of a paradox for merchants.

Customer satisfaction with dispute process/resolution (by region)



Customer satisfaction with the dispute process by bank (by region)

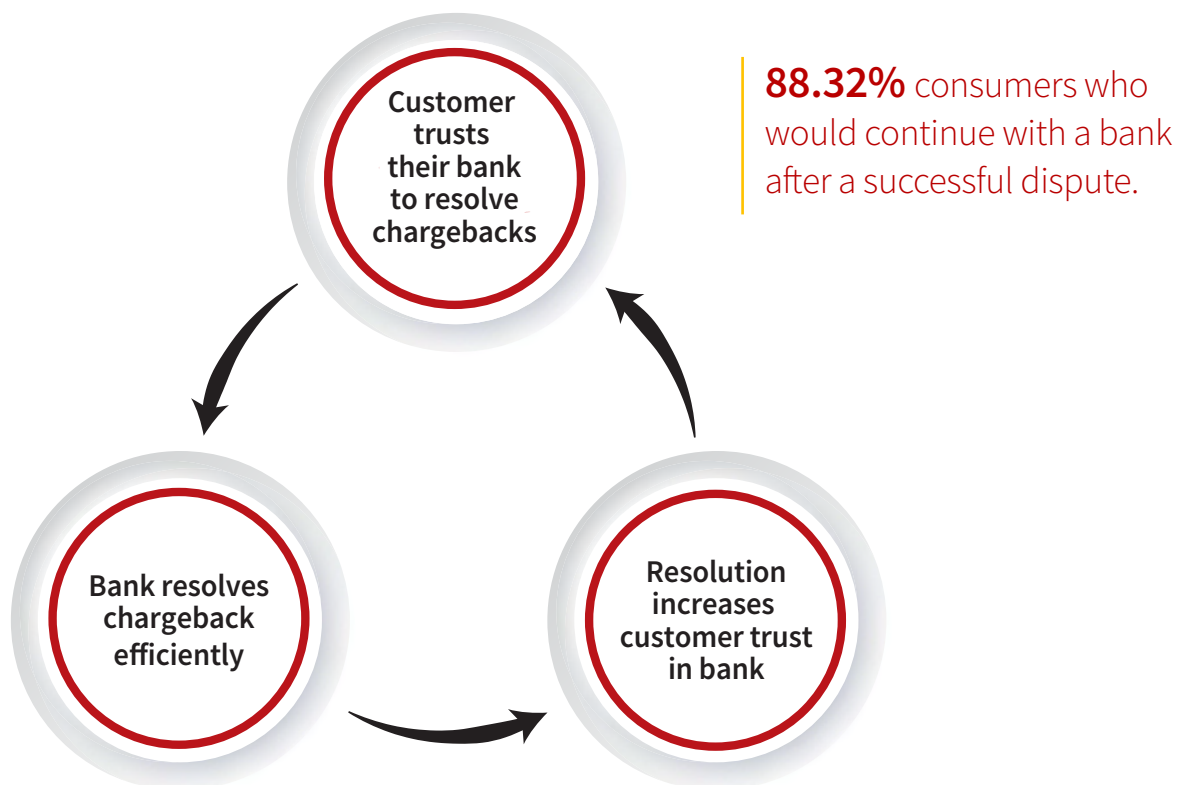


The Trust/Satisfaction Paradox

In fact, when asked *After disputing a transaction with your bank, are you more or less likely to keep using the same bank?* nearly 90% said they would likely stick

with their current issuer. Unfortunately, comparing consumers' satisfaction with dispute processes against their future dispute intentions creates what we call a Trust/Satisfaction Paradox.

Trust/Satisfaction Paradox



The end result is a feedback loop where dispute processes intended to protect consumers are actually incentivizing negative dispute behaviors. The paradox lies in that the cycle, while positive, is also generating a negative result: more disputes and chargebacks.

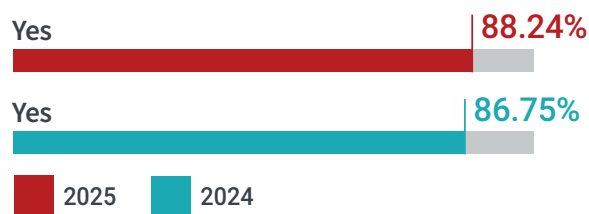
The Trust/Satisfaction Paradox presents a complex challenge for the payments ecosystem. Banks naturally want to provide excellent customer experiences, yet in doing so they risk normalizing disputes as a standard behavior rather than an extraordinary protection measure.

In simple terms, customers trust their bank to resolve disputes. This drives their bank to improve services as a way of keeping that trust, which makes the customer even more comfortable filing

disputes (including potentially illegitimate ones). The end result is a feedback loop where dispute processes intended to protect consumers are actually incentivizing negative dispute behaviors.

This became even more apparent when we asked *After successfully disputing a transaction with your bank, would you say that you are more likely or less likely to dispute a charge in the future?* A whopping 88.24% admitted that a successful dispute would make them likely to try again. This represents a 1.72% increase from 2024.

Likelihood of future disputes after a successful attempt



The Trust/Satisfaction Paradox presents a complex challenge for the payments ecosystem. Banks naturally want to provide excellent customer experiences, yet in doing so they risk normalizing disputes as a standard behavior rather than an extraordinary protection measure.

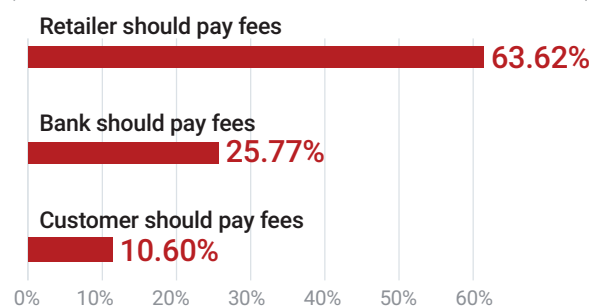
Dispute Consequences

The above illustrates one of the real (albeit unintended) consequences of filing invalid disputes. It's important to remember, however, that not all dispute attempts are successful. When asked *Has your bank ever refused to help you dispute a transaction?* Roughly one-third of respondents said yes in response to the question.

35.04% have been refused dispute assistance from their bank.

Still, the overall winners in these situations would appear to be the customers, who essentially have nothing to lose by using their bank (instead of the retailer) to process a refund.

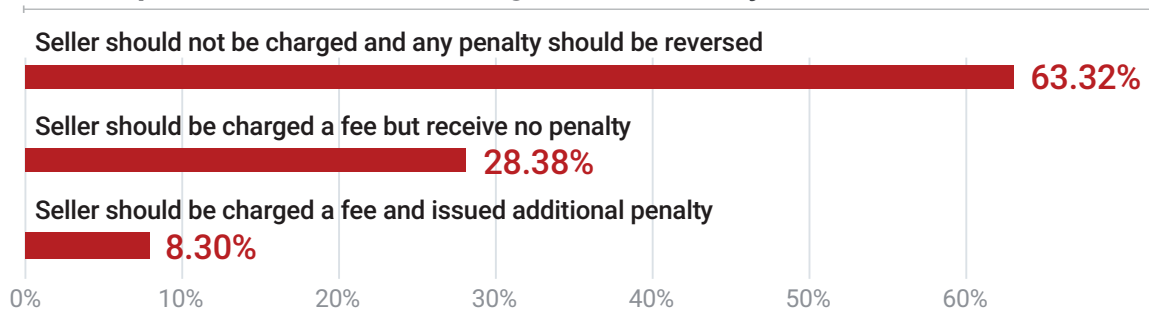
Payment of fees for invalid disputes



One possible solution is a fee or penalty for invalid chargebacks. Were that to happen, however, most respondents felt that the retailer should pay those chargeback-associated fees. Asking the question *Who should pay fees or penalties if you utilize your bank to process a refund instead of the retailer?* revealed that more than a third (36.68%) still believe merchants should bear at least some financial responsibility, even when the dispute is proven invalid, while fewer than 10% felt cardholders should be the party responsible.

There's also the matter of unintentional disputes: disputes filed without the customer being fully aware of the process. Most respondents (63.32%) believe merchants shouldn't face any penalties for invalid disputes; a notable percentage, however, felt that the merchant should not only pay a fee, but that an extra penalty should be added.

Consequences for invalid chargebacks filed by mistake



As we have noted throughout this report, the data consistently points to a gross, overall misunderstanding of the chargeback system's intended purpose, showing no concern for consequences faced by other stakeholders.

Consumer Values in the Dispute Process

Asking *What is most important to you regarding the chargeback process?* showed – again – that customers were focused on factors like speed more than making sure the claim was accurate.

Perceived importance of factors in the chargeback process

Statement Alignment	Percentage
The dispute is resolved in 30 days or less	38.66%
The dispute is carefully investigated, regardless of time	37.18%
Instant refund while dispute is investigated	27.16%

This preference for speed is further highlighted in consumers' alignment with dispute process statements. Most participants trusted their bank to make the right decision ... as long as it was accomplished within a certain timeframe.

Trust and timeframe when disputing a transaction with your bank

Statement Alignment	Percentage
Trust bank to make right decision, as long as dispute is resolved by next statement	43.21%
Fine with waiting for refund as long as I receive one up front	37.50%
Fine waiting six months as long as I ultimately receive a refund	16.03%
Cannot trust bank to make right decision	3.26%

Here again, we see a strong preference for timely resolution, with 80.71% prioritizing speed (upfront refund or resolution by next statement) over other concerns.

Are Consumers Playing Fair?

Finally, while consumers may be fine with blaming merchants for disputes, they're not always concerned whether they themselves are playing fair. Roughly one-third of respondents said yes in response to the question *Have you ever omitted or exaggerated information when disputing a charge?*

When examining this behavior alongside other data points mentioned above, we see an unfortunate picture of consumers who a) willingly bypass merchants; b) view disputes as normal refund alternatives; and c) admit to misrepresentation. Users with this combination highlight the challenges merchants face in combating invalid disputes.



Admitted providing false information when disputing a transaction

Conclusion

The *2025 Cardholder Dispute Index* reveals a payment landscape in transition, with significant implications for merchants, financial institutions, and the entire dispute ecosystem. Several key trends emerge from our comprehensive analysis.

By far, credit and debit cards remain the dominant payment method for online purchases, but continue to cede ground to alternative payment methods, with mobile wallets showing the strongest YoY growth.

Younger consumers show significantly higher adoption of digital payment methods, with mobile wallet usage among 18-29 year-olds more than double that of consumers over 60. These generational patterns also extend to BNPL services, free trial participation, and dispute behaviors.

Consumer satisfaction with the dispute process continues to increase, even while misuse of the system continues to rise. These two statistics are deeply intertwined: high satisfaction, coupled with efficient resolution timelines, creates a positive reinforcement “paradox” that encourages future disputes.

The data confirms this effect, with over 90% of consumers reporting that an initial successful dispute would make them more likely to dispute another charge. The end result is that nearly half of participants admit to disputing transactions with their bank without first attempting to contact the merchant.

The troubling implication here – one supported by the data – is that disputes

continue to be perceived as a legitimate refund alternative, and that bypassing merchants is becoming normalized behavior. As we mentioned, merchants are somewhat responsible for this situation: consumers feel that going directly to their bank offers substantial benefits, such as faster refunds, greater convenience, and the ability to handle multiple issues at once.

It’s notable, however, that nearly one-third of respondents acknowledge deliberately omitting or exaggerating information when disputing a charge.

That said, some dispute claims are unavoidable. Confusing billing descriptors, for example, leave cardholders with no other option than calling their bank, and almost three quarters of respondents admit having done exactly that.

The evolving dispute landscape presents both challenges and opportunities. Merchants who adapt strategically to changing consumer behaviors and expectations will be better positioned to reduce dispute rates while delivering the seamless payment experiences consumers increasingly expect.

As we look ahead, the data suggests continued evolution in consumer payment preferences and dispute behaviors. Rather than focusing solely on dispute response, forward-thinking merchants should leverage our findings to create preventative measures to address disputes at their source.

About Chargebacks911

Chargebacks911 provides cutting-edge, highly-scalable SaaS solutions and specialized dispute management services to acquirers, card issuers, and large-scale merchants. The company's dynamic technology platform and rich tactical data help decrease the negative impacts of chargebacks and disputes, thereby increasing customer retention and revenues.

From automated chargeback responses (that also help mitigate the overall risk of illegitimate chargebacks) to the highest net resolution rates for remediating chargeback fraud, Cb911 offers the most comprehensive, end-to-end chargeback and dispute cycle management technology available. Plus, all our services are backed by the industry's only performance-based ROI guarantee.

If you have questions concerning prevention, intake, remediation, or any other chargeback management challenge, contact us today. Or find us online at chargebacks911.com



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